

**TESTIMONY OF MAX REIBOLDT**

Received on September 25, 2013

In the United States Federal District Court for the District of Idaho  
*Saint Alphonsus Medical Center-Nampa, Inc., et. al. v. St. Luke's Health System Ltd., et. al.*  
Case No. 1:12-cv-00560-BLW

**Page Range: 10:8-10:18**

10: 8 Q. Mr. Reiboldt, could you state your full  
10: 9 name for the record, please.  
10:10 A. James M. Reiboldt.  
10:11 Q. And where do you work?  
10:12 A. Coker Group.  
10:13 Q. What's your position?  
10:14 A. I'm president and CEO.  
10:15 Q. And where is the Coker Group located?  
10:16 A. We're based in Atlanta.  
10:17 Q. And are you personally based in Atlanta?  
10:18 A. Yes.

**Page Range: 11:14-13:18**

11:14 Q. You've been shown what I hope has been  
11:15 marked Plaintiff's Exhibit 190, which is a copy of a  
11:16 brief biography of you pulled off your website.  
11:17 A. Mm-hmm (affirmative).  
11:18 Q. Is that what you're looking at?  
11:19 A. Yes, sir.  
11:20 Q. And it says you're -- you've had at least  
11:21 20 years of experience in health care matters; is  
11:22 that correct?  
11:23 A. That's correct.  
11:24 Q. And talks about your expertise in a wide  
11:25 variety of different kinds of health care  
12: Page 12  
12: 1 transactions. Is that all accurate?  
12: 2 A. Yes, sir.  
12: 3 Q. And it says you've also authored or  
12: 4 contributed to many of Coker Group's 60-plus books.  
12: 5 Is that also accurate?  
12: 6 A. That's correct.  
12: 7 Q. Specifically in terms of -- that's really  
12: 8 all I need that for. So that's an accurate summary  
12: 9 of your biography?  
12:10 A. Yes, it is.  
12:11 Q. About how many physician groups have you  
12:12 represented over the years, just ball park?

12:13 A. You mean over the entire 20 years I have  
12:14 been with --  
12:15 Q. Sure.  
12:16 A. 20-plus years I have been with --  
12:17 Q. Sure.  
12:18 A. -- Coker Group? We -- let me back into  
12:19 it.  
12:20 Q. Sure.  
12:21 A. We represent, through the course of a  
12:22 given year, we represent from about 200 to 300  
12:23 clients; and I would guess that about 60 percent of  
12:24 those are physician groups.  
12:25 Now, every year we represent some of the  
13: Page 13  
13: 1 same ones, so I don't -- I would say over the course  
13: 2 of my 20 years, close to 1,000 probably.  
13: 3 Q. Okay. And about how many times have you  
13: 4 represented physician groups in connection with a  
13: 5 possible purchase or sale transaction or merger?  
13: 6 A. Multiple times. I would say several  
13: 7 hundred. Well, at least a couple of hundred, let's  
13: 8 put it that way, easily.  
13: 9 Q. And you're based in Atlanta and, of  
13:10 course, this case is about Idaho?  
13:11 A. Mm-hmm (affirmative).  
13:12 Q. What geographic area does your practice  
13:13 encompass?  
13:14 A. We have a national practice. We work  
13:15 physically in about 40 to 45 states every year.  
13:16 It's not always the same states, but that's  
13:17 historically been our trend. So we truly have a  
13:18 national practice.

**Page Range: 15:2-16:19**

15: 2 Q. And what exactly did Saltzer engage you  
15: 3 to do?  
15: 4 A. Well, at the beginning -- and this is  
15: 5 typical of our transactions of this nature. We as a  
15: 6 consulting firm philosophically, I have always felt  
15: 7 that -- you know, I resent some consultants who try  
15: 8 to push themselves onto a client, whether it's a  
15: 9 hospital, which we work with a lot of hospitals,  
15:10 too, or a group, and do -- try to do too much too  
15:11 quickly.  
15:12 And so when they explained their  
15:13 situation and they said, look, we're -- we're --

15:14 there is two major systems out here. We are not  
15:15 discounting either of them, per se, and we also have  
15:16 several different models of affiliation, we call it  
15:17 "alignment" these days, and we just need some help.  
15:18 And I said, well, here's how we typically  
15:19 start a process. We come out and we do what I call  
15:20 landscape review, which is essentially one to  
15:21 two days of more intensive internalization  
15:22 consulting.  
15:23 So we interview a representative number  
15:24 of both management and the physicians, cross-section  
15:25 as much as we have time, and we also provide often  
16: Page 16  
16: 1 with groups like this a collective presentation or  
16: 2 two.  
16: 3 And, really, what we're doing is a  
16: 4 combination of consulting and educating, educating  
16: 5 by showing them the various models of affiliation  
16: 6 that are out there from employment to something less  
16: 7 than employment.  
16: 8 And then from there, we really try to  
16: 9 provide a consultative approach to helping them as a  
16:10 group crystallize a strategy going forward.  
16:11 And so that's all we were engaged to do  
16:12 initially. It was a relatively limited assignment  
16:13 as such to complete that review.  
16:14 We delivered a report, as I recall, which  
16:15 we always do, a short report, and probably -- I  
16:16 can't remember if it was in narrative or SlideDeck.  
16:17 These days we're putting them most in SlideDeck  
16:18 forms, our reports like that. And basically that  
16:19 was what we did the first visit.

**Page Range: 16:23-16:24**

16:23 (Plaintiff's Exhibit 1143 marked)  
16:24 BY MR. ETTINGER

**Page Range: 17:2-18:7**

17: 2 Q. So I -- you've been handed what's been  
17: 3 marked as Exhibit 191, which is a Coker Group letter  
17: 4 dated December 17th, 2010, to John Kaiser, Bill  
17: 5 Savage, Nancy Powell.  
17: 6 And I wonder is this the report you're  
17: 7 referring to --  
17: 8 A. Mm-hmm (affirmative).

17: 9 Q. -- or is this --

17:10 A. I believe so, because we're doing most of  
17:11 them in SlideDecks now, but back then in 2010, yeah,  
17:12 I recall us doing it in -- in not a -- we also have  
17:13 a more formal narrative report that looks like a  
17:14 consultant's report, but, quite frankly, a lot of  
17:15 clients are getting tired of reading all that  
17:16 detail.

17:17 Q. Okay.

17:18 A. So we've tried to abridge our reports and  
17:19 cut to the chase, I guess you would say.

17:20 Q. Sure. So a few things -- and feel free  
17:21 to look at whatever you want.

17:22 A. Mm-hmm (affirmative).

17:23 Q. But for the moment I'm just going to ask  
17:24 you about a few things on the first page of the  
17:25 document.

18: Page 18

18: 1 A. Sure.

18: 2 Q. So the footnote kind of describes your  
18: 3 due diligence, I think, is that a fair description  
18: 4 of what's in the footnote?

18: 5 A. Mm-hmm (affirmative).

18: 6 Q. -- that's a "yes"?

18: 7 Yes. Yes, sir.

**Page Range: 18:10-19:18**

18:10 Q. And you say -- you talk about meetings  
18:11 and interviews as you did a moment ago, and then you  
18:12 also say, "along with the review of data and  
18:13 information"?

18:14 A. Yes.

18:15 Q. Do you recall generally the kind of data  
18:16 and information that you reviewed?

18:17 A. We have what we call a Request for  
18:18 Information form, RFI. And if you didn't get a copy  
18:19 of that, we'll be happy to give it to you. I am  
18:20 sure one existed because we always do it that way.  
18:21 And that, generally speaking, asks for a  
18:22 rather comprehensive list of pertinent information,  
18:23 both, you know, a fair amount of it is financial,  
18:24 and then a lot of it is more of an overview of the  
18:25 practice, in other words, history, background,

19: Page 19

19: 1 brochures, you know, so we get a good feel -- the

19: 2 way we break our projects down, without getting into

19: 3 too much boring detail, is we break them into  
19: 4 phases.  
19: 5 So phase one is a review of data and  
19: 6 information before we go onsite. And that's a  
19: 7 result of this RFI that I referred to.  
19: 8 And then we go onsite and do the  
19: 9 interviews and what have you onsite. And then the  
19:10 third phase -- that's second phase. Third phase is  
19:11 the report.  
19:12 And then fourth phase is usually  
19:13 optional. It can be a presentation. It can be  
19:14 additional followup work that they request us to do.  
19:15 But, usually, that's really the commitment at that  
19:16 point. And we're not -- the client has not  
19:17 committed to any more work beyond that at that  
19:18 point.

**Page Range: 22:15-23:13**

22:15 Let me ask you about your note-taking  
22:16 process since you brought it up. So do you  
22:17 regularly in the course of your engagement take  
22:18 notes of conversations?  
22:19 A. I try to. And I have a colleague, and  
22:20 you have her notes, too. Actually, the initial  
22:21 engagement there were two colleagues with me. And I  
22:22 believe we gave you both of their notes.  
22:23 So between -- normally, it's just -- and  
22:24 as it turned out, only one of the two associates  
22:25 really continued on with the project with me, of our  
23: Page 23  
23: 1 firm, because that was all that was needed, quite  
23: 2 frankly.  
23: 3 So to answer your question, yes, I try to  
23: 4 take good notes. Sometimes we split up into two  
23: 5 tracks of interviews. So needless to say, I'm very  
23: 6 cognizant of taking better notes when Aimee, who is  
23: 7 my colleague in this case is not there. If she is  
23: 8 there, a lot of times as president of the company,  
23: 9 I'll kind of resort to her taking the better notes.  
23:10 But it varies.  
23:11 Q. So Aimee Greeter is the associate who  
23:12 stuck with the project?  
23:13 A. That's correct. That's correct.

**Page Range: 24:3-25:2**

24: 3 Q. So when you take notes, do you take them  
24: 4 at the meetings that the notes relate to while the  
24: 5 meeting is going on?  
24: 6 A. Yes, most of the time I do. Ever -- on  
24: 7 occasion, you know, particularly if it's a lot of  
24: 8 input, and a lot of talking, I may go back at the  
24: 9 end of a meeting and update those notes while it's  
24:10 still fresh.  
24:11 Q. So you do it that same day?  
24:12 A. Oh, or in the evening, yeah.  
24:13 Q. Yeah. And I gather what you just did was  
24:14 use your notes to refresh your recollection --  
24:15 A. I did. Sorry.  
24:16 Q. -- at one point?  
24:17 No problem. No problem. There is --  
24:18 okay.  
24:19 So let's go -- so the engagement -- the  
24:20 initial engagement was to do the report, and that's  
24:21 Exhibit 191, right? So you did that report -- is  
24:22 that correct?  
24:23 A. That is correct.  
24:24 Q. Thanks. And so you did that report. And  
24:25 were you then engaged by Saltzer to take the project  
25: Page 25  
25: 1 further?  
25: 2 A. We were.

**Page Range: 25:19-27:8**

25:19 Q. Okay. And let me just ask something  
25:20 about the process as you went forward and negotiated  
25:21 with St. Luke's and so on.  
25:22 Were you, in effect, a free agent, sort  
25:23 of did Saltzer say to you, Go off and cut a deal and  
25:24 let us know? Or did you step by step make  
25:25 recommendations, get direction from the client and  
26: Page 26  
26: 1 act at the clients' behest; which of those two  
26: 2 processes?  
26: 3 A. Much more so the latter.  
26: 4 Q. Okay.  
26: 5 A. We were not a free agent, by any means.  
26: 6 We were working under the auspices of really the  
26: 7 physicians that control or run the group and  
26: 8 ultimately the partner -- all the shareholder

26: 9 physicians.  
26:10 But we worked most closely with the -- I  
26:11 forget the term they used. Practices use different  
26:12 terms, some use "boards", some use "executive  
26:13 committees." I don't actually recall. I think it  
26:14 was executive committee is the term they used. But  
26:15 that's the leadership, the board, if you will, of  
26:16 the physicians.  
26:17 And, of course, we worked closely with  
26:18 both Bill and Nancy through the -- well, until Nancy  
26:19 left the group.  
26:20 Q. Okay.  
26:21 A. I would say in this group the -- you  
26:22 know, clients are different, as I am sure yours are,  
26:23 the way they conduct their oversight of a consultant  
26:24 or attorney. For example, some groups will not  
26:25 involve their administration that much. Some will  
27: Page 27  
27: 1 have them at every single meeting and very much  
27: 2 involved in the whole process.  
27: 3 In Saltzer's case, Bill and Nancy were at  
27: 4 every meeting, on every phone call, and discussed  
27: 5 the entire purview of what it was we were doing with  
27: 6 the physicians. They relied on them a great deal.  
27: 7 Q. And you relied on them, is that fair?  
27: 8 A. Sure.

**Page Range: 30:13-31:13**

30:13 Q. So you've been handed Exhibit Plaintiff's  
30:14 192. And I guess the first question is are these  
30:15 your notes, or somebody else's notes?  
30:16 A. These are somebody else's notes.  
30:17 Q. Okay. Could you tell whose notes these  
30:18 are?  
30:19 A. Yes, I believe these are Aimee's. I  
30:20 think I recognize her writing.  
30:21 Q. So did you have occasion to review  
30:22 Aimee's notes in the course of your normal work or  
30:23 not?  
30:24 A. No, I do not.  
30:25 Q. But would you have occasion to rely on  
31: Page 31  
31: 1 work she did based on her notes?  
31: 2 A. Sure, absolutely.  
31: 3 Q. Well, let me ask you about a couple of  
31: 4 things. So this is a December 2010 meeting. It

31: 5 says Bill Savage and Nancy Powell at the top.  
31: 6 And if you flip through the pages you go,  
31: 7 for example, to the fourth page, there is a Dr. Jon  
31: 8 Hlavinka. And if you go to the sixth page, there is  
31: 9 Dr. Djernes and various people.  
31:10 And I guess my question is: Does this  
31:11 appear to be notes of the initial round of  
31:12 interviews that you described earlier?  
31:13 A. Yes, sir.

**Page Range: 53:24-54:11**

53:24 (Plaintiff's Exhibit #194 marked)  
53:25 BY MR. ETTINGER:  
54: Page 54  
54: 1 Q. You have been handed what is Plaintiff's  
54: 2 Exhibit 194, which is minutes of a Saltzer  
54: 3 Shareholder Meeting, December 9th and 10th, 2010.  
54: 4 Again, it's a Saltzer document, but it's  
54: 5 minutes of the meeting that shows that you were  
54: 6 present along with Rick Langosch and Aimee Greeter.  
54: 7 Was it, that meeting, a part of that  
54: 8 initial effort that you've described?  
54: 9 A. Yes, I believe it was. I honestly didn't  
54:10 realize it was in the form of a formal shareholder  
54:11 meeting, but that's fine, yes, I believe it is.

**Page Range: 58:20-59:15**

58:20 Q. Okay. Hand you what's been marked as  
58:21 Exhibit 196.  
58:22 These are handwritten notes from your  
58:23 group. Whose notes are these?  
58:24 A. I believe they're Aimee's. Aimee  
58:25 Greeter's.  
59: Page 59  
59: 1 Q. Okay. And does this -- this appears to  
59: 2 be a couple of separate meetings with different  
59: 3 groups of Saltzer doctors; is that right?  
59: 4 A. Yes, sir.  
59: 5 Q. And under the first headings, 12:00 p.m.,  
59: 6 it says: Drs. Welch, Bennett, Williams, Patterson,  
59: 7 Andrews. And then it says Max and Aimee -- you and  
59: 8 Aimee; correct?  
59: 9 A. Yes, sir.  
59:10 Q. You see there it says: "Not willing to



59:11 take the deal even with 28 percent because they  
59:12 don't want to give up their autonomy, control of  
59:13 staff."  
59:14 Did I read that correctly?  
59:15 A. Yes, sir.

**Page Range: 63:22-64:17**

63:22 (Plaintiff's Exhibit #197 marked)  
63:23 BY MR. ETTINGER:  
63:24 Q. You've been handed Exhibit 197. But  
63:25 before you look at that, let me ask you something  
64: Page 64  
64: 1 else quickly.  
64: 2 196, of course, you said was Aimee's  
64: 3 notes. So did Aimee in your experience, since you  
64: 4 were often sitting there with her, take notes during  
64: 5 the interviews themselves?  
64: 6 A. Yes. We both tried to take notes, but --  
64: 7 you know, I, obviously, was at this meeting, and I  
64: 8 don't remember if I didn't take any notes or not.  
64: 9 Obviously, she didn't take many in this case.  
64:10 But, yes, she would almost always take  
64:11 notes, particularly if I didn't.  
64:12 Q. And was it the case that she was kind of  
64:13 the more complete note taker because you were busy  
64:14 talking a little bit more?  
64:15 A. It could be the case. It depends on the  
64:16 structure of the meeting. It could be the case. I  
64:17 wouldn't say it all every single time.

**Page Range: 72:16-73:25**

72:16 Q. Okay. Why don't you turn to Exhibit 191  
72:17 again, your initial report. And turn to Page 2.  
72:18 And under Key Need, under Issues,  
72:19 Concerns and Comments, the fourth checkpoint says,  
72:20 quote: "Opportunities for improved managed care  
72:21 negotiations exist based on a higher number of  
72:22 physicians." Close quote.  
72:23 First of all, that was an observation  
72:24 about a deal with St. Luke's; correct?  
72:25 A. Only to the extent if this is pertaining  
73: Page 73  
73: 1 to the fact that we were only focused on St. Luke's  
73: 2 at the time.

73: 3 But I actually don't think that's the  
73: 4 case. I think this is a statement that we made  
73: 5 as -- and it was identified to us during this  
73: 6 interview process that the whole concept -- we wrote  
73: 7 a book one time and we called it "Strength in  
73: 8 Numbers" as one of our books. And obviously, it  
73: 9 means that when you do have a higher number of  
73:10 physicians and providers, partners in the health  
73:11 system, that you have more leverage as such and  
73:12 negotiations.  
73:13 And so I think that's really what this  
73:14 was referring to. In the context, it's saying keep  
73:15 the group together and don't splinter.  
73:16 See, this was another issue that we  
73:17 talked about and we always do, with multispecialty  
73:18 groups is that, you know, regardless of what you do  
73:19 -- and as a matter of fact, it says up here "do not  
73:20 allow the group to fragment as a result of  
73:21 integration." So that was the key context here.  
73:22 That's what's said here at the beginning of this  
73:23 number, point number one, key need.  
73:24 Q. Okay.  
73:25 A. So it was all in that context, I think.

**Page Range: 74:16-75:6**

74:16 Q. And by "their" you mean because they'd be  
74:17 under one set of managed care contracts, that would  
74:18 be improved reimbursement with commercial payers;  
74:19 correct?  
74:20 A. The general premise is two things.  
74:21 Number one, health systems. And this would -- it  
74:22 doesn't matter which health system in this case it  
74:23 would have been. St. Luke's or Saint Al's probably  
74:24 would have done better; though in this case I am  
74:25 sure we're referring to St. Luke's because they are  
75: Page 25  
75:01 the only ones that we were focused on at this point.  
75:02 But what that means is that the health  
75:03 systems are much larger, and have the ability to  
75:04 generate, generally speaking, better rates of  
75:05 reimbursement on a fee-for-service basis from the  
75:06 commercial payers.

**Page Range: 76:21-77:20**

76:21 Q. I think this was in the midst of the

76:22 process, not the beginning of the process. Sitting  
76:23 here right now, I can't be more specific, but you  
76:24 can assume that.

76:25 The third item says: "Start to lose

77: Page 77

77: 1 market share that would impact our ability to  
77: 2 negotiate contracts."  
77: 3 Do you recall that issue being discussed  
77: 4 with either Nancy Powell or other people at Saltzer?  
77: 5 A. Yeah, the -- yes. The market share  
77: 6 that's being referred to, of course, is Saltzer's  
77: 7 market share, again, in the context that if you  
77: 8 don't find a major health system partner, they will  
77: 9 be -- the group will fracture, it will implode  
77:10 potentially, and, therefore, in the context of  
77:11 what's going on in the health care industry, you  
77:12 need to find -- the conclusion was we need to find a  
77:13 major partner. It has to be one of the two systems.  
77:14 Those are really our only choices.  
77:15 So there is concern always about losing  
77:16 market share. And, obviously, in the context of  
77:17 what I just responded to in your last question, if  
77:18 you have fewer numbers, and you're fractured as a  
77:19 group, or worse than anything, you're imploded, then  
77:20 you can't negotiate contracts.

**Page Range: 81:17-82:21**

81:17 Q. You've been shown what's been marked as  
81:18 Exhibit 200. Whose notes are these?  
81:19 A. Aimee Greeter.  
81:20 Q. Let me ask you about an item on the  
81:21 second page. And you see where just before Item 3  
81:22 it says: "If things don't work out with Saltzer,  
81:23 St. Luke's will swallow a 7-man Mercy medical group,  
81:24 which is a family medicine group. This will create  
81:25 competition within Nampa."

82: Page 82

82: 1 Do you see that reference?  
82: 2 A. I do.  
82: 3 Q. Does that refresh your recollection that  
82: 4 there was such concern within Saltzer about that  
82: 5 specific group?  
82: 6 A. Yes. But it says "will swallow." I  
82: 7 don't think St. Luke's had done this deal yet. I  
82: 8 think there was concern that that would happen.  
82: 9 And trying to think who this conversation

82:10 was with. It looks like it was just Bill, Nancy and  
82:11 myself.  
82:12 Q. Okay.  
82:13 A. I don't -- yeah. There was definitely  
82:14 concern that St. Luke's would move into Canyon  
82:15 County, and that they had already announced it, that  
82:16 it was with all these intentions.  
82:17 So there was definitely concern that, you  
82:18 know, a very prominent player, what was looked upon  
82:19 at least by the Saltzer docs in general, as the best  
82:20 of the two systems would come into their territory.  
82:21 There was that concern.

**Page Range: 82:24-83:10**

82:24 Q. Handing you what's been marked as  
82:25 Exhibit 201, a series of e-mails including one from  
83: Page 83  
83: 1 you to Bill Savage.  
83: 2 Have I described that correctly?  
83: 3 A. Yes, sir.  
83: 4 Q. And you say in this top e-mail: "We are  
83: 5 going to have to stand our ground as they know they  
83: 6 must have Saltzer to do their thing in Nampa, and as  
83: 7 such we have a lot of leverage if we don't crater  
83: 8 too quickly." Close quote.  
83: 9 Was that your statement?  
83:10 A. Yes, sir.

**Page Range: 86:8-86:24**

86: 8 that. And Luke's, you had that leverage, Saltzer  
86: 9 had that leverage with Luke's because, in your  
86:10 words, Luke's knew they must have Saltzer to do  
86:11 their thing in Nampa; correct?  
86:12 A. Well, sure. Saltzer makes up even then,  
86:13 and I am sure today, still makes up a significant  
86:14 percentage of the total provider base in Nampa and  
86:15 Canyon County. But particularly Nampa.  
86:16 Q. Okay. Why don't you turn to Exhibit 191  
86:17 again, your December 2010 letter, report. And go to  
86:18 Page 5 of the letter.  
86:19 And I want to ask you about some language  
86:20 that's underlined there. It's not underlined by me.  
86:21 It's underlined in the original.  
86:22 This is a copy of your report from the

86:23 Saltzer files. For some reason I didn't find this  
86:24 report in your files. I'm not sure why.

**Page Range: 86:25-87:19**

86:25 But it says there, "St. Luke's indicated  
87: Page 87  
87: 1 their intent to break ground on a new ambulatory  
87: 2 facility within the next 30 days, but wants  
87: 3 assurance that it has an ambulatory partner  
87: 4 especially prior to committing to a complete acute  
87: 5 care medical surgical facility."  
87: 6 Is that something that you learned from  
87: 7 St. Luke's directly, or from Saltzer?  
87: 8 A. Both. I can remember -- my guess is that  
87: 9 we were first told that by Saltzer and their  
87:10 doctors, but I remember going to St. Luke's and  
87:11 hearing and seeing a presentation with drawings and  
87:12 everything of all their intent to do what it says  
87:13 here.  
87:14 Q. Okay. And who gave that presentation?  
87:15 A. It was several of the executives at  
87:16 St. Luke's. I don't remember all the names. I  
87:17 think the -- well, if you said the names, I could  
87:18 probably say -- I think the CFO was there, the COO,  
87:19 I think the CEO was there.

**Page Range: 88:19-88:20**

88:19 Q. Showing you what's been marked as  
88:20 Exhibit 202.

**Page Range: 89:1-89:6**

89: 1 Q. So whose notes are these?  
89: 2 A. These are mine.  
89: 3 Q. Okay. And why don't you turn to the  
89: 4 third page of the notes.  
89: 5 Do you remember a discussion with  
89: 6 St. Luke's about imaging?

**Page Range: 90:14-91:11**

90:14 Q. Okay. Why don't we go back again to your

90:15 December 2010 report, Exhibit 191. Go to Page 856.  
90:16 And I want to ask you about the language underlined  
90:17 at the bottom of the page again, not by me.  
90:18 Take a look at that, and I'll ask you  
90:19 about it.  
90:20 A. Okay.  
90:21 Q. It says there the physicians that  
90:22 practice at Mercy will later relocate to a new  
90:23 St. Luke's facility.  
90:24 Does that refer to the plan that the  
90:25 Saltzer physicians, who were then practicing at  
91: Page 91  
91: 1 Mercy Medical Center, later Saint Al's Nampa, would  
91: 2 relocate to the new St. Luke's Hospital in Nampa  
91: 3 once it was opened?  
91: 4 A. I think more specifically -- yeah, the  
91: 5 hospital, or but at first it was ASC. And relocate  
91: 6 doesn't necessarily mean physically relocate their  
91: 7 clinic. It probably means that they would shift and  
91: 8 do more of their surgeries at that facility.  
91: 9 Q. Okay. Surgeries, or once a hospital  
91:10 opened, inpatient care?  
91:11 A. Yeah, sure.

**Page Range: 93:11-95:6**

93:11 Q. Why don't you turn to Exhibit 202 again,  
93:12 your notes.  
93:13 A. Mm-hmm (affirmative).  
93:14 Q. And these -- were these your notes?  
93:15 A. These are my notes, yes.  
93:16 Q. Okay. Why don't you turn to page 60 --  
93:17 Page 2 of the notes, Bates-numbered 64 again.  
93:18 A. Okay.  
93:19 Q. See the reference to Treasure Valley  
93:20 Hospital towards the bottom of the page --  
93:21 A. I do.  
93:22 Q. -- there is a sentence there that says,  
93:23 quote: "They'd like to see a transition period to  
93:24 move the Saltzer MDs out of Treasure Valley, close  
93:25 quote."  
94: Page 94  
94: 1 Do you see that?  
94: 2 A. I do.  
94: 3 Q. And was "they" there referring to  
94: 4 St. Luke's?  
94: 5 A. I would say, yes, that's probably the

94: 6 case. This was dated March of 2011, which was  
94: 7 before we were successfully able to negotiate within  
94: 8 the transaction to protect the surgeons, to keep  
94: 9 their interests.

94:10 And we also even entertained the fact, as  
94:11 you see here in this same note, that Luke's might be  
94:12 willing, or wondered if they'd be willing to  
94:13 purchase a minority interest in TVH.

94:14 Q. Okay.

94:15 A. And so I think, again, you've got to put  
94:16 this in the context of when it was. This was March.  
94:17 And we were very much early on in the negotiations  
94:18 in this process, and we were concerned, once again,  
94:19 about keeping the surgeons with the group, keeping  
94:20 them happy, keeping them invested in TVH because  
94:21 they said they had to remain invested with their  
94:22 equity interest. And so I think it's in that  
94:23 context that, sure, it was related to St. Luke's.

94:24 Q. St. Luke's wanted to move them out of  
94:25 Treasure Valley at this time; right? Is that

95: Page 95

95: 1 correct?

95: 2 A. St. Luke's did not want -- yes. But let  
95: 3 me explain why. St. Luke's did not want to allow  
95: 4 the surgeons to basically do, in some cases,  
95: 5 50 percent or more of their surgeries in a remote  
95: 6 facility in Boise.

**Page Range: 97:4-97:23**

97: 4 Q. So you've got Exhibit 204 in front of  
97: 5 you: "Saltzer Medical Group Physician Pod  
97: 6 Meetings"?

97: 7 A. Yes, sir.

97: 8 Q. And that's a Coker presentation?

97: 9 A. Yes, sir.

97:10 Q. And now we're to July of 2011; correct?

97:11 A. Yes, sir.

97:12 Q. And I want you to go to Page 6.

97:13 And there you see it says "Exclusivity is  
97:14 an expectation of SLSH"; that means St. Luke's,  
97:15 correct?

97:16 A. Yes, sir.

97:17 Q. "And there is an associated economic  
97:18 impact. This includes divestiture of outside  
97:19 ownership including TVH." Is that right?

97:20 A. Yes, sir.

97:21 Q. And by exclusivity there, you meant  
97:22 exclusivity in terms of referrals and admissions;  
97:23 correct?

**Page Range: 97:25-99:1**

97:25 A. Not -- not to the extent that St. Luke's  
98: Page 98  
98: 1 would have said that they couldn't have -- that the  
98: 2 doctors couldn't have made their -- the three  
98: 3 standard choices that doctors have; in other words,  
98: 4 if it's in the opinion of the doctor that it's the  
98: 5 best place to go, if the managed care provider, I  
98: 6 mean, managed care payer requires it, or the patient  
98: 7 themselves want to go to another facility.  
98: 8 But, obviously, in a presentation like  
98: 9 this, we didn't go to that level of, you know,  
98:10 commentary, but that's implicit.  
98:11 But beyond those three criteria, which  
98:12 are standard for every health system including  
98:13 St. Luke's, the expectation was that, yes, once they  
98:14 are aligned fully with St. Luke's, there was the  
98:15 expectation that their work would largely, other  
98:16 than those three things that I just noted, go to  
98:17 St. Luke's.  
98:18 And this was particularly true, once  
98:19 again, which is why we pointed it out as a bullet,  
98:20 about the divestiture of the outside ownership of  
98:21 TVH.  
98:22 Q. And that expectation didn't just apply to  
98:23 the surgeons who worked at TVH, it applied to the  
98:24 whole group; correct?  
98:25 A. It would apply to the whole group. But  
99: Page 99  
99: 1 once again, the surgeons were of particular concern.

**Page Range: 99:8-99:14**

99: 8 Q. Just give me a second. I'm trying to  
99: 9 find the right set of notes here.  
99:10 Would you go back to Exhibit 192.  
99:11 Do you recall a discussion where Bill  
99:12 Savage said that he thinks that St. Luke's is trying  
99:13 to pick -- plans to pick the legs off TVH so that no  
99:14 commercial payers deal with them?



**Page Range: 99:16-99:16**

99:16 A. I don't recall those specific terms.

**Page Range: 99:18-102:7**

99:18 Q. Okay. Why don't you turn to Page 11 of  
99:19 the notes, Exhibit 192.

99:20 See under the heading called "Debrief  
99:21 with Bill, Nancy, Rick, Max, Aimee" there?

99:22 A. Yes.

99:23 Q. And in the first paragraph does it say:  
99:24 Bill thinks that they, Saint Al, will, quote, 'pick  
99:25 the legs off,' close quote, that. Make it so only

100: Page 100

100: 1 Medicare can be seen through the ASC through their  
100: 2 payer contracting?" Close quote.

100: 3 A. This -- I think this is referring to TVH  
100: 4 again.

100: 5 Q. Well, it's referring -- well, TVH is the  
100: 6 ASC in question; correct?

100: 7 A. Let me read it again. Consideration --  
100: 8 what's that word? Consideration of what? TVH.

100: 9 Pulling? Is that pulling? Or --

100:10 Q. Pulling TVH?

100:11 A. Is it pulling? I can't read Aimee's  
100:12 writing half the time.

100:13 Q. I think it is. But you're the witness.

100:14 A. Well, but I didn't write it.

100:15 Q. It looks to me like it says: Tell me if  
100:16 you agree, "consideration of pulling TV into a deal  
100:17 with St. Luke's."

100:18 But then it goes on to say: "However,  
100:19 instead, Bill thinks that, they, (St. Luke's) will  
100:20 'pick the legs off' that. Make it so only Medicare  
100:21 can be seen through the ASC through their payer  
100:22 contracting."

100:23 So it's quite clear that, first of all,  
100:24 that this is saying St. Luke's is pulling the legs  
100:25 off the ASC; correct?

101: Page 101

101: 1 A. Yeah. I think he -- I think the context  
101: 2 is Bill believed that St. Luke's would have the  
101: 3 wherewithal to be able to influence the work that  
101: 4 the surgeons did at TVH to where it would be a  
101: 5 lower-paying patient.

101: 6 And the facts of life are that Medicare  
101: 7 is the worst -- generally one of the worst payers.  
101: 8 And so I think the context is that Luke's  
101: 9 influence would have been such that they would have  
101:10 moved the lesser-paying -- I think the word -- and  
101:11 what you have to understand is we use these terms a  
101:12 lot when we're talking. We'll say Medicare, and you  
101:13 really -- and I don't know if this is what Bill  
101:14 meant; maybe he did mean specifically Medicare.  
101:15 But it's generally the lower-paying  
101:16 patients that will be shifted to the other facility,  
101:17 so that's what -- I believe what he's probably  
101:18 referring to here.  
101:19 Q. So, in essence, he's saying that  
101:20 St. Luke's would, through its contracting, make sure  
101:21 that the commercial payers would not deal with TVH,  
101:22 and it would be left with the low-paying government  
101:23 payers; correct?  
101:24 A. I believe that there was the concern,  
101:25 yes, that St. Luke's would exert that level of  
102: Page 102  
102: 1 influence. They had that much influence.  
102: 2 Now, may I say that this is during our  
102: 3 first review in December of 2010, and there was a  
102: 4 lot of -- I mean, this was very early on in the  
102: 5 discussions and the processes in terms of where we  
102: 6 ended up, and, you know, obviously a lot of things  
102: 7 that happened within TVH later.

**Page Range: 102:20-104:5**

102:20 Q. Let me show you some more notes. You've  
102:21 been handed Exhibit 205, Mr. Reiboldt.  
102:22 Whose notes are these?  
102:23 A. These are mine.  
102:24 Q. Okay. So and these are more notes from  
102:25 that initial investigation in December of 2010; is  
103: Page 103  
103: 1 that right?  
103: 2 A. Correct.  
103: 3 Q. Why don't you turn to Page 2 of these  
103: 4 notes; again, the third page. Somehow or other it  
103: 5 includes second blank pages a lot.  
103: 6 And see the reference to "Bill and Nancy  
103: 7 meeting"?  
103: 8 A. Yes, sir.  
103: 9 Q. And the second item says, quote:

103:10 St. Luke's strategy hyphen prob," P-R-O-B, "to  
103:11 muscle them out on payer contracting, make it go  
103:12 away." Close quote.  
103:13 And that's talking about St. Luke's'  
103:14 strategy with regard to TVH; correct?  
103:15 A. Yes. I think that's probably what that's  
103:16 referring to more so than it would have been Mercy  
103:17 in this case.  
103:18 Q. And does it appear to you that looking at  
103:19 both prior set of notes, Aimee's and yours, appear  
103:20 to be at the same meeting, don't they?  
103:21 A. Yes.  
103:22 Q. So Aimee remembered "pick the legs off"  
103:23 and you said "muscle them." Do you think you were  
103:24 both talking about the same thing, is that your  
103:25 recollection?  
104: Page 104  
104: 1 A. Yeah, I think it's -- I think it's  
104: 2 referring to -- now that I see both notes and look  
104: 3 at your questions, or consider your questions, I  
104: 4 think, yes, it's talking about the entire TVH  
104: 5 competitive concern that existed among St. Luke's.

**Page Range: 104:7-105:12**

104: 7 Now, I may want to ask you one more thing  
104: 8 about these notes.  
104: 9 Yeah. Turn to Page 3 of the notes, which  
104:10 is Bates-numbered 56.  
104:11 And is this still the Bill and Nancy  
104:12 meeting?  
104:13 A. Yes.  
104:14 Q. And in the middle of the page it says --  
104:15 see where it says "Treasure Valley"?  
104:16 A. Mm-hmm, yes.  
104:17 Q. "Already excluded from most of the  
104:18 private insurers. Could be worse later."  
104:19 Do you see that reference?  
104:20 A. I do.  
104:21 Q. Do you recall was that said at that  
104:22 meeting as well?  
104:23 A. Yes.  
104:24 Q. Okay. And looking at the top of the same  
104:25 page of notes, Page 3 in Exhibit 205, tell me, see  
105: Page 105  
105: 1 if I'm getting your abbreviations right there.  
105: 2 It looks like it says "hospital at

105: 3 St. Luke's in Nampa, MH," meaning must have, "a  
105: 4 relationship with Saltzer, thinks there SB," meaning  
105: 5 should be, "a hospital west of Meridian."  
105: 6 Did I read that correctly?  
105: 7 A. Mm-hmm, yes, sir.  
105: 8 Q. Do you recall that you were told,  
105: 9 consistent with some of the things you said later,  
105:10 by Bill and Nancy that St. Luke's must have a  
105:11 relationship with Saltzer to develop this hospital?  
105:12 A. Yes.

**Page Range: 107:2-107:15**

107: 2 So do you recall any specific competitive  
107: 3 weaknesses of Saltzer that were identified at that  
107: 4 time?  
107: 5 A. There were some subspecialties that they  
107: 6 didn't have included, and to the extent that they  
107: 7 didn't have a competitive edge, quote, unquote, that  
107: 8 was -- comes to mind.  
107: 9 But for the most part, Saint, or excuse  
107:10 me, Saltzer was looked upon to be the group in  
107:11 Nampa.  
107:12 Q. Okay.  
107:13 A. And they were looked upon as the best  
107:14 quality, the best doctors, the -- you know,  
107:15 obviously more numbers than anybody else.

**Page Range: 107:16-107:20**

107:16 Having said that, they weren't looked  
107:17 upon as being the only group in Nampa. I do  
107:18 remember discussions where there were other specific  
107:19 physicians mentioned. I want to say some primary  
107:20 care but also some specialists, too.

**Page Range: 113:21-114:23**

113:21 Do you recall what that issue was  
113:22 regarding extending the group on a larger scale than  
113:23 had been able to do in the past due to capital  
113:24 restrictions? Was this a recruitment issue?  
113:25 A. Sure. This is typical of groups, all  
114: Page 114  
114: 1 groups these days. It's one of the major reasons

114: 2 why they align with the health care system is  
114: 3 because they have challenges with sufficient  
114: 4 capital, as it were.  
114: 5 That's kind of -- it's not so much, you  
114: 6 know, brick-and-mortar capital. It's capital of  
114: 7 financial capital to recruit and meet the  
114: 8 compensation and other requirements of recruiting  
114: 9 physicians.  
114:10 So it is -- it's kind of one of the major  
114:11 reasons why groups like Saltzer are looking to align  
114:12 with the health system is because they see a benefit  
114:13 in the ability as they partner with the health  
114:14 system to recruit and retain, retention is the other  
114:15 bigger part or biggest part of this because the  
114:16 groups, you know, they distribute all their earnings  
114:17 to the partners, so there is no retained earnings,  
114:18 so there is no capital to reinvest in your business  
114:19 as you typically see in the -- like my business, I  
114:20 retain earnings so I can reinvest.  
114:21 Well, practices don't do that. So that's  
114:22 what this is referring to, that, you know, it makes  
114:23 sense to align with a health system for that reason.

**Page Range: 114:24-115:13**

114:24 Q. So had Saltzer had problems recruiting  
114:25 because of lack of capital?  
115: Page 115  
115: 1 A. Yes. And, more importantly, I think they  
115: 2 saw this to be a greater issue going forward, not so  
115: 3 much that they hadn't been able to do it  
115: 4 historically. But they were starting to see this as  
115: 5 a trend and were fearful that this would be more so  
115: 6 the case going forward.  
115: 7 Q. Do you remember anything specific about  
115: 8 their difficulties, or the lack thereof, in having  
115: 9 enough funds to recruit in the past?  
115:10 A. Well, again, my -- I don't remember  
115:11 specifically that, but I do recall in an overall  
115:12 sense that this was a concern going forward and that  
115:13 thus the reason to partner with the health system.

**Page Range: 116:16-117:1**

116:16 Q. Okay. Do you recall comments by Bill  
116:17 Savage and Nancy Powell that if Mercy, Saint Al's

116:18 Nampa ever tried to kick Saltzer out, the hospital  
116:19 would implode?  
116:20 A. If Saint Al's-Mercy ever kicked Saltzer?  
116:21 Q. Saltzer docs out of the hospital, or had  
116:22 to forego Saltzer docs?  
116:23 A. That the hospital would implode?  
116:24 Q. Right.  
116:25 A. I don't recall a specific comment, but I  
117: Page 117  
117: 1 wouldn't be surprised if they said that.

**Page Range: 117:22-119:23**

117:22 Is Exhibit 192, I can't remember, are  
117:23 these your notes, or are these Aimee Greeter's?  
117:24 A. These are Aimee's.  
117:25 Q. Okay. So why don't you turn to Page 13  
118: Page 118  
118: 1 in the notes.  
118: 2 A. Got it.  
118: 3 Q. You see about five lines from the bottom  
118: 4 right above where it says the struggle with Treasure  
118: 5 Valley. You see it says, quote: "They think that  
118: 6 Saint Al's Mercy will be imploding if they kick  
118: 7 Saltzer out."  
118: 8 You see that reference?  
118: 9 A. Mm-hmm, I do see it.  
118:10 Q. Does that refresh your recollection at  
118:11 all about what was said? I understand your opinions  
118:12 that you've offered, but...  
118:13 A. All right. So this is a meeting with Ed  
118:14 Castledine and Peter LaFleur, Bill and Nancy, myself  
118:15 and Aimee and Rick when we were first there, just to  
118:16 put it in context.  
118:17 Q. Oh, okay. So there were St. Luke's  
118:18 people present at this meeting?  
118:19 A. That's what it looks like.  
118:20 Q. Okay.  
118:21 A. Looks like it's Ed Castledine and Peter  
118:22 LaFleur.  
118:23 Q. Okay.  
118:24 A. If I -- you know, if these are all, and  
118:25 looks like they are, in the proper page order.  
119: Page 119  
119: 1 Q. So do you know if "they" refers to the  
119: 2 Saltzer people, or St. Luke's people?  
119: 3 A. I don't know. I need to read it if you

119: 4 want me to try to help you with your answer.  
119: 5 Q. Sure.  
119: 6 A. So I'm sorry, what's your question again?  
119: 7 Q. Does the "they" there -- first of all,  
119: 8 does this refresh your recollection about what was  
119: 9 said at the meeting on this subject, or not?  
119:10 A. Yeah, I think this is -- this is a  
119:11 dialogue. And it was the very first meeting that we  
119:12 had with the consultant from Luke's, which I do  
119:13 recall when we were there because we always, always  
119:14 try to meet with representatives of the hospital  
119:15 when we do this initial review. And these were the  
119:16 two individuals that we met with. And this is a  
119:17 part of that initial discussion.  
119:18 So like, for example, looks like they  
119:19 point out a lot of things here relative to what  
119:20 Luke's may or may not do in the context of, you  
119:21 know, a transaction.  
119:22 You know, I can -- like, for example, it  
119:23 says St. Luke's is not closed to all exclusivity.

**Page Range: 120:12-121:5**

120:12 "The worry on the Saltzer side that it  
120:13 may be less than three years before they get kicked  
120:14 out of Saint Al's."  
120:15 The concern -- and then, you know,  
120:16 however, they think that if Saint Al's-Mercy will be  
120:17 imploding if they kick Saltzer out. So I think  
120:18 there was concern on both sides, but there was  
120:19 definitely concern that Al's would kick the Saltzer  
120:20 doctors out.  
120:21 BY MR. ETTINGER:  
120:22 Q. And that was in the event there was a new  
120:23 facility built, and they switched the referrals to  
120:24 that facility; correct?  
120:25 A. Or I think also in the context of  
121: Page 121  
121: 1 depending on -- there was a lot of uncertainty as to  
121: 2 what Al's would do, not only in retribution to a  
121: 3 deal that Saltzer would do with Luke's, but also  
121: 4 just in general, that Saint Al's was a bit of a  
121: 5 loose cannon in their minds.

**Page Range: 121:6-121:10**

121: 6 Q. At this point was Sally Jeffcoat, had she  
121: 7 arrived as CEO at Saint Al's?  
121: 8 A. I -- we had no dealings with Sally until  
121: 9 sometime later. I don't know if she was there or  
121:10 not.

**Page Range: 121:11-124:6**

121:11 Q. Okay. Now, going up higher on that page  
121:12 at the top of the page, it says: "Also" -- the  
121:13 second line through the fourth -- through the fifth  
121:14 line. It says: "Also considering a surgery center  
121:15 (but they'll need the volume from Treasure Valley);  
121:16 then all the way to a hospital."  
121:17 Now do you recall, was that articulated  
121:18 by Mr. LaFleur and Mr. Castledine?  
121:19 A. Mm-hmm (affirmative).  
121:20 Q. That's a "yes"?  
121:21 A. That's a yes.  
121:22 Q. And then going to the bottom of the page,  
121:23 the last -- I'm going to ask you about the last six  
121:24 lines. It says: "The struggle with Treasure Valley  
121:25 is that St. Luke's cannot build a new facility  
122: Page 122  
122: 1 without volume, and that's difficult if Treasure  
122: 2 Valley is still around."  
122: 3 Was that also a comment by Mr. LaFleur  
122: 4 and Mr. Castledine?  
122: 5 A. I don't know if that's their comment. I  
122: 6 can enlighten you a little bit more about what I  
122: 7 think she means by that if you want me to. But I'm  
122: 8 not sure if it's their comment or not.  
122: 9 Q. Do you recall that exact comment being  
122:10 made at the meeting?  
122:11 A. No, I think -- I think what this is  
122:12 talking about is that --  
122:13 Q. My question was just whether you recall  
122:14 whether the comment was made at the meeting?  
122:15 A. The comment had to do with the surgeons  
122:16 that were invested in Treasure Valley and whether or  
122:17 not they were around and continuing to work at  
122:18 Treasure Valley.  
122:19 Q. And if they were, there would not be  
122:20 enough volume for the new hospital, was that the  
122:21 St. Luke's concern?



122:22 A. The concern that St. Luke's would have  
122:23 would be, yes, if the surgeons were not loyal to  
122:24 their hospital in Nampa, if they continued to do all  
122:25 the work at Treasure Valley, or a lot of their work,  
123: Page 123  
123: 1 not all, that there would be a concern there.  
123: 2 Now, the final analysis, we negotiated  
123: 3 that out.  
123: 4 Q. Well --  
123: 5 A. We got them to agree to stay --  
123: 6 Q. Yeah, we will talk about that.  
123: 7 A. -- at Treasure Valley.  
123: 8 Q. Now, the next sentence says: "St. Luke's  
123: 9 recognizes there could be an alignment model that  
123:10 allows the group to keep their outpatient work, but  
123:11 as soon as the new facility is developed/ready, then  
123:12 the volume needs to be transferred."  
123:13 Was that a comment made by -- do you  
123:14 recall made by Mr. Castledine and Mr. LaFleur?  
123:15 A. It would appear because she does say  
123:16 St. Luke's recognizes, so that would definitely  
123:17 appear to be the case.  
123:18 And I do recall that we had -- we made it  
123:19 very clear from the beginning that the volume --  
123:20 that the work that was done at Mercy would have to  
123:21 continue for, you know, for a while.  
123:22 Q. But Luke's said once the new hospital is  
123:23 up, we expect that volume at the new hospital;  
123:24 correct?  
123:25 A. As would normally be the case if you're  
124: Page 124  
124: 1 aligned, yes, with whoever you're aligned with,  
124: 2 that's where you're going to be expected to work.  
124: 3 Q. Okay.  
124: 4 A. I doubt seriously they would have wanted  
124: 5 them to continue to be on the medical staff of Mercy  
124: 6 at that point.

**Page Range: 136:7-138:5**

136: 7 (Plaintiff's Exhibit #208 marked)  
136: 8 BY MR. ETTINGER:  
136: 9 Q. Showing you what's been marked as  
136:10 Exhibit 208 --  
136:11 A. Mm-hmm (affirmative).  
136:12 Q. -- which is a letter to John Kee and  
136:13 Peter LaFleur that you and Aimee wrote.

136:14 A. Correct.

136:15 Q. Did I describe it correctly?

136:16 A. That's correct.

136:17 Q. Now we're at November of 2011. We're

136:18 further on --

136:19 A. Mm-hmm (affirmative).

136:20 Q. That's a "yes"?

136:21 A. That's a yes.

136:22 Q. Okay. Now, on Page -- I want you to turn

136:23 to Page 9 of the letter.

136:24 A. Okay.

136:25 Q. You say after that language in bold:

137: Page 137

137: 1 "Several points for further discussion include."

137: 2 And one of them was there was a

137: 3 significant disparity between the compensation

137: 4 increases for primary care and specialists.

137: 5

137: 6 **REDACTED**

137: 7

137: 8

137: 9

137:10 Do you see that?

137:11 A. I do.

137:12 Q. And Luke's pushed back and said, no,

137:13 we're not going to change that, isn't that right?

137:14 A. That's correct. Would you like for me to

137:15 tell you why?

137:16 Q. I want -- yeah. Tell me why Luke's said

137:17 why they wouldn't change those.

137:18 A. Very simply. At this point in the

137:19 negotiations we had won, quote, unquote, the ability

137:20 for the surgeons to retain their TVH ownership

137:21 interest.

137:22 Luke's, while they agreed with that, were

137:23 not particularly enamored by it because they knew

137:24 that these surgeons would continue to do a

137:25 significant portion of their surgeries at TVH. And

138: Page 138

138: 1 as a result, Luke's was not as enamored with paying

138: 2 them, even though it could well have been deemed to

138: 3 be fair market value and commercially reasonable

138: 4 rates that were higher, Luke's was not interested in

138: 5 paying them at that level -- at those high levels.

**Page Range: 138:7-138:21**

138: 7 Q. Let me just stop you. Why was it that  
138: 8 they were not interested in paying them at those  
138: 9 high levels? Because the cases were going to go to  
138:10 TVH?  
138:11 A. Partially. But I was just telling you  
138:12 the other reason why --  
138:13 Q. Okay.  
138:14 A. -- which is extremely important  
138:15 because -- and ultimately we had to pretty much  
138:16 agree.  
138:17 Now, you got to understand, we're working  
138:18 for our client here, and we're trying to get the  
138:19 most money we possibly can for our client and still  
138:20 stay within the white lines of legality.  
138:21 Q. Yeah.

**Page Range: 138:22-140:6**

138:22 A. So in that context, though, what we  
138:23 said -- we said that. But what Luke's came back  
138:24 with and, quite frankly, we had to acknowledge and  
138:25 tell our client as much, is that when you consider  
139: Page 139  
139: 1 the total compensation that the surgeons were going  
139: 2 to make in the community, including their TVH  
139: 3 interest and profits, we started to have some  
139: 4 concerns that if they were compensated more by  
139: 5 Luke's that they -- their total income, their total  
139: 6 income, now, would be outside the boundaries of FMV  
139: 7 and commercially reasonable.  
139: 8 Not just what Luke's paid them. Because  
139: 9 you have to look at the total.  
139:10 We do, as a part of our firm, FMV  
139:11 opinions. We weren't, obviously, an appendant to do  
139:12 one here. But we do them. And we always put our  
139:13 deals in the context of going through the firewall  
139:14 of our own opinion analysis -- analyst that do these  
139:15 FMV opinions. We always say look at this deal that  
139:16 we're working on and tell me if it's -- is in the  
139:17 whole picture, if it's fair market value and  
139:18 commercially reasonable.  
139:19 And so when we looked at this deal on  
139:20 behalf of the surgeons, whether Luke's pushed this  
139:21 or not, whether -- I mean, clearly part of it was  
139:22 without question, to answer your question, Luke's

139:23 wanted the volume.  
139:24 But when they had acquiesced to allowing  
139:25 the surgeons to continue to work at TVH, we felt  
140: Page 140  
140: 1 that that income that they were earning had to be  
140: 2 considered.  
140: 3 Because, remember, the only way they earn  
140: 4 that income and have equity is by being an owner.  
140: 5 And the only way they can be an owner is to continue  
140: 6 to do surgeries at TVH.

**Page Range: 147:22-148:25**

147:22 Q. Okay. That's all I have got with that.  
147:23 I'm trying to -- why don't you go back to  
147:24 Exhibit 198, which is Dr. Page's e-mail.  
147:25 A. Okay.  
148: Page 148  
148: 1 Q. Go to the second page of the e-mail. And  
148: 2 I want to ask you about language after the sentence  
148: 3 in the third paragraph we had talked about before.  
148: 4 I'm now going back to that sentence.  
148: 5 After that control and co-developed sentence, it  
148: 6 says: Quote, "they" meaning St. Luke's, I believe,  
148: 7 "just haven't offered enough to satisfy the  
148: 8 surgeons. There is logic to that. Compensation for  
148: 9 primary care and non-procedural specialties is based  
148:10 on the hospital system maintaining access to  
148:11 patients. Via these providers they control the  
148:12 input to outpatient services, diagnostics and  
148:13 referral to proceduralists, who then use the  
148:14 hospital. Compensation of proceduralists is  
148:15 dependent on procedures done at these facilities.  
148:16 Compensation cannot be more unless the procedures  
148:17 are there." Close quote.  
148:18 Do you see that language?  
148:19 A. Yes, I do.  
148:20 Q. Did you ever discuss that idea with  
148:21 Dr. Page?  
148:22 A. Not that I recall.  
148:23 Q. Do you agree or disagree with what he's  
148:24 saying?  
148:25 A. I agree with what he's saying.

**Page Range: 152:1-152:13**

152: 1 Q. You indicated that when you first become  
152: 2 involved, there was already perspective at Saltzer  
152: 3 that they needed to align with one of the two major  
152: 4 hospitals; is that correct?  
152: 5 A. That is correct.  
152: 6 Q. And did they indicate to you why they  
152: 7 felt that?  
152: 8 A. They did. They told us that there was a  
152: 9 longstanding history of distrust even to the point  
152:10 that many of the physicians detested the management  
152:11 of Saint Al's, and that there was no way they would  
152:12 ever consider aligning with Saint Alphonsus because  
152:13 they didn't trust them.

**Page Range: 152:14-154:6**

152:14 Q. Now, in this process at some point in  
152:15 time you indicated earlier they did engage with  
152:16 discussions with Saint Al's?  
152:17 A. That's correct. And that was way on down  
152:18 the road, so to speak. I think if -- and reading  
152:19 this this morning has refreshed my memory a little  
152:20 bit that it was toward the latter part of 2011. And  
152:21 that had to do a lot with the Plaintiffs's Exhibit  
152:22 on the straw vote that we looked at earlier this  
152:23 morning where we as their consultants -- first of  
152:24 all, as their consultants, we never had the issues  
152:25 with Saint Alphonsus.

153: Page 153

153: 1 They are a good system. They are part of  
153: 2 the system out of Michigan. We know them. We  
153: 3 didn't have the issues or the baggage with them that  
153: 4 they had.  
153: 5 So we said from the beginning, well, you  
153: 6 know what, it's a lot better if you create a  
153: 7 two-party system here, I mean, for negotiations.  
153: 8 That's what we told them.  
153: 9 They wouldn't have any part of it at the  
153:10 beginning. They said we don't trust Saint Al's,  
153:11 et cetera, et cetera. I won't say that again.  
153:12 As the process unfolded, and candidly, we  
153:13 got more push back on the deal from St. Luke's  
153:14 vis-à-vis the fact that it wasn't going to be the  
153:15 global payment PSA, which that survey straw vote  
153:16 obviously pointed out, and some of the other things,

153:17 the economic structure, the surgeons not getting as  
153:18 much money, all those things, we, Coker, said, look,  
153:19 you need to -- you need to give Saint Alphonsus a  
153:20 fair shot at this and you need to allow them to  
153:21 present a proposal.  
153:22 And in the course of that -- I'll stop  
153:23 there. But that was really how that all transacted.  
153:24 And toward the end of this process, we actually went  
153:25 over and met Sally Jeffcoat and several of the  
154: Page 154  
154: 1 Saint Al's folks were there, and I think even one or  
154: 2 two of their corporate people were there.  
154: 3 And it was a great -- it was a good  
154: 4 presentation. And we felt at the time that they  
154: 5 needed to open it back up or open it up to Saint  
154: 6 Alphonsus. And they did.

**Page Range: 156:19-157:8**

156:19 Q. There was a discussion earlier in regards  
156:20 to "pulling the legs off TVH", or some such  
156:21 reference. Those comments, were those from  
156:22 St. Luke's representatives?  
156:23 A. I believe those comments were from Bill  
156:24 and Nancy.  
156:25 Q. So that was comments they made of their  
157: Page 157  
157: 1 prospective of what St. Luke's could or could not  
157: 2 do?  
157: 3 A. Yes.  
157: 4 Q. But not a representation from St. Luke's  
157: 5 that that was what they could do, or intended to do?  
157: 6 MR. ETTINGER: Objection, leading.  
157: 7 A. I have never -- I never recalled that any  
157: 8 St. Luke's person said that to us.

**Page Range: 157:19-158:5**

157:19 Q. Could you pull out Exhibit 192 again,  
157:20 Mr. Reiboldt, and turn to Page 11.  
157:21 I want to ask you about that "pick the  
157:22 legs off" comment that Mr. Sinclair just asked you  
157:23 about. Just one quick thing on that.  
157:24 You see that reference again under  
157:25 "debrief with Bill, Nancy, Rick, Max, Aimee"?  
158: Page 158

158: 1 A. I do.  
158: 2 Q. What it says there is: "Bill thinks that  
158: 3 they", St. Luke's, "will pick the legs off," it  
158: 4 doesn't say could. It says "will," does it not?  
158: 5 A. It does.

**Page Range: 158:10-159:4**

158:10 Q. Following up on that; who is Bill?  
158:11 A. Bill is the administrator for St. Luke's.  
158:12 I mean, for Saltzer. And Nancy was the CFO for  
158:13 Saltzer, who later became the employee of Alphonsus'  
158:14 during about the middle of this process.  
158:15 Q. So this is what Bill was saying he  
158:16 thought?  
158:17 A. That would be my interpretation of  
158:18 Aimee's notes. And it says -- and it clearly says  
158:19 Bill thinks that they will pick off the legs, or  
158:20 whatever. So, yes, I believe this is strictly  
158:21 Bill's opinion --  
158:22 Q. Did you ever --  
158:23 A. -- in this case.  
158:24 Q. Sorry. Did you ever hear anyone from  
158:25 St. Luke's --  
159: Page 159  
159: 1 A. I did not.  
159: 2 Q. -- make that type of comment?  
159: 3 A. I did not. I have never heard that from  
159: 4 St. Luke's.